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PP RUEHBC RUEHDE RUEHDIR RUEHKUK  
DE RUEHKB #0159/02 0521457  
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P 211457Z FEB 08 ZDK  
FM AMEMBASSY BAKU  
TO RUEHC/SECSTATE WASHDC PRIORITY 4811  
INFO RUCNCIS/CIS COLLECTIVE PRIORITY  
RUCNIRA/IRAN COLLECTIVE PRIORITY  
RHMFISS/CDR USEUCOM VAIHINGEN GE PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEHDIR/IRAN RPO DUBAI PRIORITY  
RUEKJCS/SECDEF WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L SECTION 02 OF 02 BAKU 000159

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TREASURY FOR COLLEEN EDDY

E.O. 12958: DECL: 02/19/2018

TAGS: [PGOV](#) [PINR](#) [PREL](#) [ECON](#) [EFIN](#) [PTER](#) [IR](#) [AJ](#)

SUBJECT: IRAN REPORTEDLY LAUNDERING MONEY IN AZERBAIJAN

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\* Missing Section 001 \*  
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session, and we are mounting a full-court press for early passage. However, until the law is passed and effectively implemented, the possibility of illicit transactions remains.

Comment

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15. (C) While we lack hard evidence to support "Yeni Musavat's" claim that Iran is laundering large sums of money in Azerbaijan, this article highlights the real vulnerabilities that exist in the Azerbaijani financial sector. As Azerbaijan still lacks the legislation and enforcement tools necessary to address financial crimes including money laundering and terrorist financing, domestic or foreign actors - to include Iran - may well find Azerbaijan an attractive location for illicit activities. In addition, increased financial flows associated with income derived from Azerbaijan's extensive oil and gas reserves may also increasingly serve to draw outsiders seeking to exploit weaknesses in the Azerbaijani financial system. We are intensifying our efforts with business and finance contacts to raise the profile of this issue and develop as much information as possible about what may be occurring. We urge that the team arriving in Baku on February 25 for follow-up discussions in the context of security consultations put this issue high on the agenda of their discussions with the GOAJ, and that we give it a high profile at the April 14-15 EPC as well.  
DERSE